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Lieutenant Governor

State of Utah
DEPARTMENT OF NATURAL RESOURCES
Division of Oil, Gas & Mining

MICHAEL R. STYLER
Executive Director

JOHN R. BAZA
Division Director

Outgoing
C0070013
#3541
&

June 9, 2010

Jay Marshall, Resident Agent
UtahAmerican Energy, Inc.
P.O. Box 910
East Carbon, Utah 84520-0910

Subject: Conditional Approval of Design Changes, Horse Canyon Mine, C/007/0013, Task ID #3541 Outgoing File

Dear Mr. Marshall:

The Division has completed a review of your Design Changes amendment at the Horse Canyon mine submitted on May 3, 2010. The above-referenced amendment is hereby approved conditioned upon our receipt of additional reclamation bond in the amount of \$113,000.00 and 6 clean copies of the amendment prepared for incorporation to the Mining and Reclamation Plan. Please submit the required bond and copies by July 12, 2010. Once we receive these copies and have adequate bond posted in the appropriate form, final approval will be granted, at which time you may proceed with your plans.

A stamped incorporated copy of the approved plans will also be returned to you at that time, for insertion into your copy of the Mining and Reclamation Plan.

The requirement to post additional bond is based on the following analysis previously sent to you as task #3498:

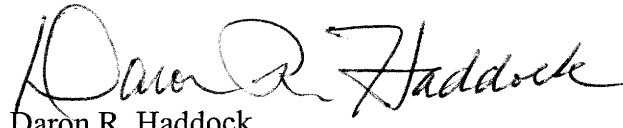
- Earthwork and re-vegetation costs are provided for 42.6 acres of disturbance.
- The total direct costs have been determined to amount to \$ 1, 403,675.00.
- The indirect costs have been estimated at \$ 376,186.00.
- The total cost estimated using 2009 unit cost estimates amounts to \$ 1,779,861.00.
- The **ESCALATED** reclamation cost to 2013 dollars is \$ 1,806,693.00.
- The required bond amount is \$ 1,807,000.00.
- The bond amount posted in 2009 amounts to \$ 1,694,000.00. This is \$ 113,000.00, or -6.25% short of the required amount.

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- UtahAmerican Energy, Inc. must post an additional \$ 113,000.00 of bond.

You should contact Angela Nance at (801) 538-5264 to acquire the appropriate paperwork for providing the bond or for any other questions regarding the bonding process. If you have any other questions, please call me at (801) 538-5325.

Sincerely,

A handwritten signature in black ink that reads "Daron R. Haddock". The signature is written in a cursive style with a large initial "D".

Daron R. Haddock
Permit Supervisor

DRH/sqs

cc: Angela Nance
Price Field Office

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